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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

5 September 1951

Memorandum for the Director of Central Intelligence

Subject: French Problems in Indochina

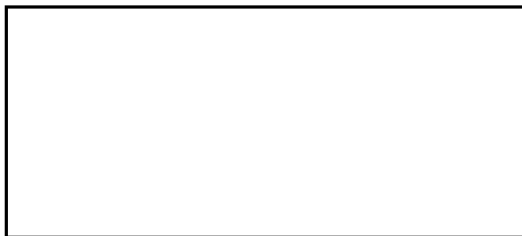
The French have indicated that they will seek greater US support in Indochina in the forthcoming Franco-UK-US conference. Despite marked local military successes that have occurred in Indochina since General De Lattre's arrival in late 1950, the French still face very serious economic and military problems there. In the French view, they will require greater US assistance if they are to solve these problems.

The French will justify their appeal for greater US aid on the contention (agreed to at the recent tripartite military conference in Singapore) that the defense of Tonkin is the key to the defense of the Western position throughout Southeast Asia. They will point meaningfully to the Chinese Communist build-up in South China. In further support of their position, they will undoubtedly repeat their recent warnings that French defense commitments in Europe will be seriously compromised unless there is "a marked lightening" of their burdens in Indochina.

French military and civilian expenses in Indochina in 1951 will amount to nearly \$900 million. Rising prices, the cost of the expanding Vietnamese Army, and the intensified military

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operations required to cope with the increasingly better equipped and trained Viet Minh forces, will increase French outlays during the coming year. In addition, the civilian economy of French-controlled areas is so disrupted as to present France with a continuing net economic loss.

The French, by and large, have succeeded in holding the line against Viet Minh operations since early 1951. Given a period of at least 18 months without large-scale Chinese Communist participation and during which a Vietnamese Army could be organized and trained, the French military position might be improved to a point where more of the burden for the defense of Indochina could be shifted to the Vietnamese. However, the French are deeply concerned, and justifiably so, that Communist China will not only continue to play the role of "G-1" and "G-4" to the Viet Minh, but may at any time commit its own forces. In anticipation of such an event, the French will attempt to obtain advance assurances of US ground, naval and air support.

There have been several reports, almost all of doubtful reliability, that the French, failing to get greater Western support and in an effort to salvage what they can in Indochina, will attempt to reach a modus vivendi with the Viet Minh. However, the French have naturally denied such an intention and, all things considered, it appears most unlikely that the French would make such a deal.

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- 2 -

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